



DUKE ENERGY CORPORATION

139 East Fourth Street
1212 Main
Cincinnati, OH 45201-0960
Telephone: (513) 287-4337
Facsimile: (513) 287-4385

Dianne Kuhnell
Senior Paralegal
E-mail dianne.kuhnell@duke-energy.com

VIA OVERNIGHT DELIVERY

March 21, 2012

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MAR 22 2012

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

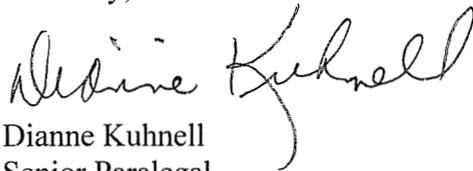
Re: Application of Duke Energy Kentucky, Inc. for Approval of a New Green Power
Pilot Program (Duke Energy's GoGreen Kentucky)
Case No. 2009-00408

Dear Mr. Derouen:

Pursuant to the Commission's February 5, 2010 Order, enclosed please find *Duke Energy Kentucky, Inc.'s GoGreen Power and Carbon Offset Annual Informational Filing* for the Calendar Year 2010.

Please date-stamp the extra two copies and return to me in the enclosed envelope.

Sincerely,



Dianne Kuhnell
Senior Paralegal

cc: Larry Cook (w/enclosures)

COMMONWEALTH OF KENTUCKY
BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

DUKE ENERGY KENTUCKY, INC
GOGREEN POWER AND CARBON OFFSET
ANNUAL INFORMATIONAL FILING
CALENDAR YEAR 2011

RECEIVED

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**PUBLIC SERVICE
COMMISSION**

I. Introduction

On February 5, 2010, the Kentucky Public Service Commission (Commission) issued its Order in Case No. 2009-00408 approving the Application of Duke Energy Kentucky, Inc., (Duke Energy Kentucky) to implement a new Green Power Pilot Program, GoGreen Kentucky. GoGreen Kentucky is a voluntary program that enables customers to manage their own carbon footprints by being able to designate a monthly kWh purchase level for green power and/ or carbon offsets. GoGreen Kentucky provides customers an opportunity to purchase 100 kWh blocks of green energy at \$2.00/ block, with a minimum of 2 blocks. Customers are also afforded an opportunity to purchase carbon offset blocks, representing a 500-pound reduction in CO₂ at a price of \$4.00 per block.

GoGreen Kentucky is a pilot program approved for implementation through December 31, 2012 subject to several commitments. For example, Duke Energy Kentucky is required to seek Commission approval for any changes to the pricing and/ or sizing of blocks of either the renewable energy credits (RECs) or carbon offsets. Duke Energy Kentucky does not anticipate a need for any adjustments for calendar year 2012 at this time.

As a further condition to approval, Duke Energy Kentucky committed to provide this Commission with an annual report relating to the GoGreen Kentucky program that will provide at a minimum: 1) the number of program participants; 2) the total number of RECS and carbon offsets subscribed to by participants; 3) the expenditures for education and promotion of the program; 4) the expenditures for research (customer satisfaction and

experience); 5) the actual costs of the RECs and carbon offsets; and 6) administrative costs.¹

In accordance with the Commission’s February 5, 2010 Order, Duke Energy Kentucky respectfully submits its annual informational filing for the 2011 calendar year.

II. 2011 Annual Report

A. Go Green

1. Number of active *Go Green* Residential customers by month:

2011	Total Customers
January	45
February	45
March	45
April	49
May	50
June	66
July	69
August	71
September	71
October	71
November	72
December	76

2. Number of Residential blocks of *Go Green* RECs sold per month:

2011	Monthly Blocks	Total Cumulative Blocks
January	141	141
February	145	286
March	147	433
April	162	595
May	180	775
June	249	1,024
July	257	1,281
August	271	1,552
September	271	1,823
October	271	2,094
November	272	2,366
December	283	2,649

¹ Duke Energy Kentucky is required to notify the Commission of the company’s plans for the program in writing no less than 90 days prior to the program expiration.

*Note: One Block = 100 kWh or one tenth of a REC.

3. *Go Green* revenues billed: \$5,144.00
4. REC expense:
2011: REC Acquisition Cost of \$650 for 1,000 Wind RECs
5. *GoGreen* Marketing Costs by major category:
Campaign Promotion costs: \$6,807
 - Bill inserts – April and December
 - Duke Energy Kentucky Web Site Landing page banner ads
 - Duke Energy Kentucky Online services banner ads
 - Email “In the Know” promotion
 - Customer Thank You letter - subscriber update twice a year
 - Welcome kits and decals –for new subscribersAdministrative costs: Labor and call center costs: \$8,242
6. *GoGreen* Summary of program activities (customer satisfaction and experience), results and observations:
In 2011, *GoGreen* Kentucky had 48 new residential enrollments with a net increase of 69% for the year. Revenues billed were \$5,144.

Customers subscribing to the program received an update on the program via semi-annual Thank You letters in February (3-4Q 2011 activity) and September (1-2Q 2011 activity). “Refer a Friend” cards were placed within this 6 Month *GoGreen* customer report. For new customers, welcome letter packets including recognition badge decals were developed and distributed.

Throughout the year, Duke Energy Kentucky utilized effective low cost channels and customers were directed to the Duke Energy *GoGreen* Kentucky Web page to learn more or subscribe.

- Bill inserts - April and December
- State landing page banner ads
- Email promotion to opt-in green email customers
- Online Services promotional banner ads

In November 2011, Duke Energy Kentucky conducted a survey of customers enrolled or interested in the *GoGreen* program across the territories. Green power respondents (81.6%) are mainly concerned about the environment and less concerned about feeling good about their energy usage. Customers (63%) are most interested in Duke Energy Kentucky’s monthly home energy usage report.

7. Description of contractual arrangements with large commercial and industrial Green Power:

There were no contractual arrangements with large customers in 2011.

8. Green Power generated and delivered as of Dec. 31 2011:
From January through December 31, 2011, approximately 264,900 kWh of Green Power was supported and delivered as a result of cumulative blocks purchased through RECs. Since 2010, 322 MWH have been supported.
9. Calculation of CO₂ offsets from blocks of Green Power as of Dec. 31, 2011:
Since July 2010, the Company estimates the program has led to CO₂ offsets of 303 tons, the equivalent of removing 76 passenger cars from the road.
10. Suppliers of REC purchase: Regional Green –e certified wind RECs
11. Quantity of REC purchase: 1,000
12. Actual costs of Go Green RECs for reporting period: \$.65 per REC
13. Estimated sales in the future period, in kWh for *Go Green*:
2012 Estimates: 1,716 total blocks
14. Forecasted costs of RECs per kWh, including those in inventory:
REC cost: \$.50 - \$1.00

B. Carbon Offset Program

1. Number of active Residential Carbon Offset customers by month:

2011	Monthly Customers
January	7
February	7
March	7
April	7
May	7
June	7
July	7
August	7
September	7
October	7
November	7
December	7

2. Number of blocks of Residential Carbon Credits sold per month:

2011	Monthly Blocks	Total Cumulative Blocks
January	14	14
February	14	28
March	14	42
April	14	56
May	14	70
June	14	84
July	14	98
August	14	112
September	14	126
October	14	140
November	14	154
December	14	168

*Note: One Block = 500 lbs of carbon

3. Carbon Offset contributions billed for 2011: \$672
4. Marketing Costs (education and promotion) by major category

Campaign promotion costs: \$5,691

- Duke Landing page banner ads
- Duke Opt in Email
- Micro site design, creative and professional fees

Administrative costs: Labor and call center costs: \$9,304

5. Summary of Carbon Offset program activities (customer satisfaction and experience), results and observations:

Duke Energy Kentucky promoted Carbon Offsets with low cost online channels including email, banner ads and online services ads. Online channels directed traffic to: www.balanceyourequation.com

In November 2011, Duke Energy Kentucky conducted a survey of customers enrolled in the Carbon Offset program across the territories. On average, Carbon Offset customers rated the program a 7.5 out of 10. Carbon customers (52.8%) are mainly concerned about the environment and less concerned about feeling good about their energy usage. Carbon Offset customers (71%) are most interested in learning about Duke Energy Kentucky's monthly home energy usage report amongst various products and services.

*From January to December 31, 2011, we estimate the enrollments led to CO₂ offsets of 84,000 lbs of Carbon or 42 tons.

6. Description of contractual arrangements with large commercial and industrial Green Power and Carbon Credit customers:
There were no contractual arrangements with large customers in 2011.
7. Carbon offset project location: Midwest region landfill gas.
8. Suppliers of Carbon Credits purchase: Element Markets LLC
9. Quantity of Carbon Credits purchase: 1,000 tons at \$6 per metric ton.
10. Estimated sales in the future period, pounds of carbon:
2012 Carbon Offset Estimates: 168 blocks per year
11. Forecasted costs of Carbon Offsets per 500 pound carbon offset block: \$6 per ton or \$1.50 per block (in inventory)

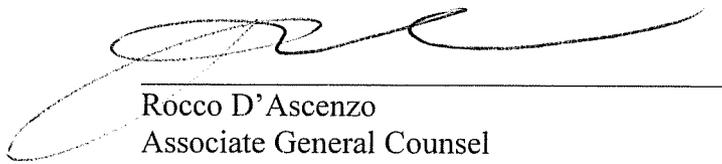
CERTIFICATE OF SERVICE

The undersigned hereby certifies that copies of the GoGreen Rider Annual Informational Filing was delivered or mailed, postage prepaid, in the United States Mail, this 21st day of March 2012 to the following:

Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602-0615

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.



Rocco D'Ascenzo
Associate General Counsel
Amy B. Spiller
Deputy General Counsel
Duke Energy Kentucky, Inc.
139 East Fourth Street, 1313 Main
Cincinnati, Ohio 45201-0960
Phone: (513) 287-4320
Fax: (513) 287-4385
Email: rocco.d'ascenzo@duke-energy.com